

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-07 IO-13 ISO-00 L-03
FRB-03 OMB-01 ITC-01 SP-02 AGRE-00 AID-05 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 OIC-02 EPG-02
SIL-01 STR-04 TRSE-00 CEA-01 SS-15 NSC-05 SSO-00
NSCE-00 INRE-00 USIE-00 AF-10 NEA-10 /122 W
-----171033Z 036737 /17

O R 260855Z MAY 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 7415

INFO AMEMBASSY BRAZILIA

AMEMBASSY CANBERRA

AMEMBASSY BUENOS AIRES

AMEMBASSY OTTAWA

AMEMBASSY SANTO DOMINGO

AMEMBASSY TOKYO

C O N F I D E N T I A L GENEVA 3802

E.O. 11652: GDS

TAGS: UNCTAD ETRD

SUBJECT: SUGAR NEGOTIATIONS: MEETING OF INFORMAL GROUP OF LARGE
IMPORTERS AND EXPORTERS

1. SUMMARY: ON MORNING OF MAY 14 INFORMAL GROUP OF LARGE IM-
PORTERS (U.S., CANADA AND JAPAN) AND EXPORTERS (AUSTRALIA, BRAZIL,
CUBA AND DOMINICAN REPUBLIC; ARGENTINA WAS NOT PRESENT) MET TO
REVIEW RESPECTIVE POSITIONS. IMPORTERS PUT FORWARD COMPOSITE PAPER
SETTING FORTH THEIR VIEWS ON A "PRICE STABILIZATION MECHANISM".
EXPORTERS PROVIDED INITIAL REACTIONS, AND PROMISED TO STUDY PAPER
AND POSSIBLY FORMULATE A COUNTER PROPOSAL. GENERAL TONE OF MEET-
ING WAS CONSTRUCTIVE AND PROVIDED SOME ENCOURAGEMENT TO AN OTHER-
WISE PESSIMISTIC US DEL. END SUMMARY

2. IMPORTERS (U.S., CANADA AND JAPAN) PROPOSED COMPOSITE PAPER OF
VIEWS ON PRICE STABILIZATION MECHANISM AT SESSION ON MAY 13. THIS
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WAS PRESENTED TO MAJOR EXPORTERS GROUP ON MAY 14. TEXT OF PAPER
BEING SENT SEPTEL.

3. IMPORTERS SPOKESMAN (MUSGROVE, CANADA) IN PRESENTING PAPER
EMPHASIZED THAT IT WAS INFORMAL IN NATURE, AND IMPORTER DELEGATIONS
HAD STRETCHED THEIR INSTRUCTIONS IN ARRIVING AT THE COMPOSITE
PAPER. HE ALSO MADE IT CLEAR THAT EARLIER EXPORTER PAPER WAS

COMPLETELY UNACCEPTABLE FOR IMPORTERS AND OFFERED NO OPPORTUNITY TO COMBINE THE TWO PAPERS.

4. ON INITIAL EXPORT SHARES (POINT 1) AND ADJUSTMENT IN QUOTA SHARES (POINT 2) THERE WAS SOME INDICATION THAT SOME INDIVIDUAL EXPORTERS (AUSTRALIA AND BRAZIL) COULD ACCEPT THESE PRINCIPLES (ALTHOUGH TECHNICAL POINTS WOULD HAVE TO BE WORKED OUT), BUT CUBA WAS STILL WEDDED TO 1968 AGREEMENT BETS.

5. ON MINIMUM STOCKS (POINT 3) EXPORTERS WERE SHOCKED AT LEVEL OF STOCKS ENVISIONING (4 MILLION TONS), ESPECIALLY IN VIEW OF ABSENCE OF FINANCING. US DEL, WHEN QUESTIONED, INDICATED THAT SPECIAL STOCK FINANCING SCHEME WAS STILL OF INTEREST TO USG, BUT HAD BEEN SET ASIDE FOR THE TIME BEING TO ALLOW NEGOTIATION ON OTHER MATTERS. IN RESPONSE TO FURTHER EXPORTER QUESTIONS, US DEL INDICATED THAT IT BELIEVED THAT EXPORTERS WERE NOT OVERLY ENTHUSED BY PROPOSED FINANCING SCHEME. IMPORTERS STATED THAT THEY WERE NOT INTERESTED IN A VOLUNTARY SYSTEM.

6. AT INSISTENCE OF JAPAN (MIZOGUCHI) SUPPLY COMMITMENT (POINT 4) WAS INCLUDED IN PAPER. AT MEETING MIZOGUCHI QUITE ELOQUENTLY DEFENDED THIS POINT, BUT GAVE IMPRESSION THAT IF SIGNIFICANTLY HIGHER STOCK LEVELS THAN THOSE CONTAINED IN 1968 AGREEMENT WERE PUT IN NEW AGREEMENT, GOJ MIGHT DROP ITS REQUEST FOR A SUPPLY COMMITMENT.

7. RELATIVE TO IMPORTS OF NON-MEMBER SUGAR (POINT 5), BOTH EXPORTERS AND IMPORTERS AGREED THAT THIS FEATURE WAS OF MUTUAL INTEREST, AND SOME SOLUTION OF THIS ISSUE COULD BE FOUND.
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8. ON POINTS 6, 7 AND 8 THERE WAS GENERAL DISCUSSION, BUT NO SUBSTANTIVE QUESTIONS WERE RESOLVED.

9. COMMENT: MEETING WAS RELATIVELY POSITIVE IN TONE. EXPORTERS (WITH EXCEPTION OF CUBA) APPEARED TO REALIZE THAT SOME MOVEMENT FROM ORIGINAL POSITIONS WAS REQUIRED IF CONFERENCE WAS TO SUCCEED. USDEL (O'DONNELL) MADE CLEAR USG DISPLEASURE WITH LACK OF PROGRESS, AND THAT U.S. HAD NO INTENTION OF JOINING A "WARMED-OVER" VERSION OF 1968 AGREEMENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 26-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Executive Order: GS
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